



# Vicinity Centres Audit Committee Charter

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Vicinity Limited  
Vicinity Centres RE Ltd as Responsible Entity for  
Vicinity Centres Trust  
together Vicinity Centres

Adopted by the Board on 18 August 2015

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# Charter of the Audit Committee

Vicinity Limited, ACN 114 757 783 (**Company**) and Vicinity Centres Trust, ARSN 104 931 928 (**Trust**), comprise a stapled security structure, listed on the Australian Securities Exchange (ASX:VCX). Vicinity Centres RE Ltd, ACN 149 781 322 (**Responsible Entity**) is the responsible entity of the Trust.

In this Charter the **Group** refers collectively to the Company, the Trust and all their respective controlled entities.

The Boards of the Company and the Responsible Entity (together, the **Board**) have established the Audit Committee (**Committee**). The membership of the Committee, the responsibilities and functions delegated to it and administrative and reporting matters associated with it are set out in this document.

This charter is adopted by the Board on 18 August 2015.

## 1. Purpose

- 1.1 The purpose of the Committee is to assist the Board in fulfilling its corporate governance responsibilities by providing:
  - a. an objective non-executive review of the effectiveness of the external reporting of financial information and the internal control environment of the Group, including the trusts for which the Group is the responsible entity or trustee, including obtaining an understanding of the accounting risks; and
  - b. oversight of accounting, treasury and tax policies, professional accounting requirements and internal and external audits.
- 1.2 The Board is ultimately responsible for these matters.

## 2. Membership of the Committee

- 2.1 The Committee must comprise:
  - a. at least 3 members of the Board;
  - b. only non-executive Directors;
  - c. a majority of independent Directors (as assessed by the Board); and
  - d. an independent Chairman who is not the Chairman of the Board.
- 2.2 It is intended that all members of the Committee should be financially literate (i.e. able to read and understand financial statements) and have sufficient understanding of the Australian Real Estate Investment Trust (AREIT) industry to be able to discharge the Committee's mandate effectively.
- 2.3 The Board may review and by resolution alter the Committee's membership, or appoint or remove members. Members may withdraw from membership by written notification to the Board.
- 2.4 The Secretary of the Committee will be the Company Secretary of the Board, unless otherwise determined by the Committee.

## 3. Meetings

- 3.1 The Committee will meet as often as the Committee members deem necessary in order to fulfil their role. However, it is intended that the Committee will normally meet quarterly.
- 3.2 The provisions of the Company's Constitution dealing with Directors' meetings apply to meetings of the Committee.
- 3.3 The Secretary will convene a meeting on receipt of a request by a member of the Committee.
- 3.4 The quorum for meetings of the Committee will be two members.
- 3.5 A decision is made by the Committee if it is supported by a majority of members who are present at the meeting.

- 3.6 Notice of meetings and all relevant material will be provided to Committee members by the Secretary within a reasonable period in advance of each meeting.
- 3.7 Directors of the Board who are not members of the Committee will be given notice and may attend Committee meetings. Such Directors may request copies of the relevant material, and will be provided with such material upon request.
- 3.8 The Chief Executive Officer, Chief Financial Officer and External Auditor and Directors who are not members of the Committee will be invited to attend all Committee meetings by standing invitation and shall be provided with relevant meeting materials. The Manager of Internal Audit will also be invited to attend each meeting, noting that those meetings where the Committee is focused on review of Financial Statements may have less relevance to Internal Audit.
- 3.9 Members of management not listed above, may attend meetings of the committee at the invitation of the Committee.
- 3.10 The Company Secretary or delegate will attend all Committee meetings to act as minute secretary. Following approval by the Chairman of the Committee, minutes will be circulated to Committee members then presented at the next Committee meeting for approval. All minutes of the Committee should be entered into a minute book maintained for that purpose and be open at all times for inspection by any director.

## **4. Powers of the Committee**

- 4.1 To ensure that the Committee has access to members of the Group's management, employees, auditors (external and internal) and others sufficient to perform its role, the Committee can:
  - a. invite those persons to Committee meetings;
  - b. request those persons provide relevant information or explanations to the Committee; and
  - c. interview those persons,in each case, with or without management (or particular members of management) being present.
- 4.2 The Committee may seek the advice of independent legal, accounting, or other advisors for advice to the extent the Committee considers necessary to carry out its duties. Where the Committee seeks advice independently of management, approval of the Chairman of the Board should be obtained prior to the Committee engaging those advisors directly. The Committee may request that any advice be provided directly to the Committee (or Chairman of the Committee).
- 4.3 The Committee may initiate special investigations as it sees fit, or as directed by the Board, in relation to matters set out in this Charter.
- 4.4 Senior management of the Group and the internal auditor and external auditor have direct access to the Committee.

## **5. Role & function**

### **5.1 Overview**

- 5.1.1 The Committee's key responsibilities and functions are to:
  - a. oversee the Group's relationship with the external auditor and the external audit function generally;
  - b. oversee the Group's relationship with the internal auditor and the Internal Audit function generally;
  - c. oversee the Group's financial controls and systems and the preparation of financial statements and reports; and
  - d. oversee the Group's management of capital.

### **5.2 Internal Control**

- 5.2.1 Working in conjunction with the Risk and Compliance Committee, the Committee will oversee the implementation of and obtain appropriate assurance in respect of existence and effectiveness of systems of internal control which relate to financial risk management as they apply to:
  - a. accounting and tax;
  - b. financial statements; and

c. processing, recording and approval of financial transactions.

5.2.2 Oversee and monitor the resolution of significant and material internal control deficiencies reported by the internal auditor and/or external auditor.

5.2.3 Understand, and if considered necessary, obtain appropriate assurances in respect of the processes used to reach the opinions provided in the regulatory certifications of the Chief Executive Officer and Chief Financial Officer as to the effective operation of financial risk management and internal control systems in relation to financial reporting risks.

### 5.3 Accounts and Financial Reporting

5.3.1 Provide an objective review of financial statements prepared by management and understand the impact of significant accounting and reporting issues, including recent professional and regulatory pronouncements on financial reports for the Group.

5.3.2 Engage in the proactive and objective oversight of the Group's financial reporting and disclosure processes (including overseeing the proper maintenance of accounting records in accordance with statutory requirements) and overseeing and reviewing the outputs of that process (including review of the Group's financial statements for accuracy and to assess whether the financial statements reflect a true and fair view, as a basis for recommendation to and adoption by the Board).

5.3.3 Review financial statements for adherence to accounting standards and policies and other requirements relating to the preparation and presentation of financial results and oversee the financial reports and the results of external audit of those reports (including assessing whether external reporting is consistent with the Committee members' information and knowledge, and is adequate for securityholder needs).

5.3.4 Review the appropriateness of the accounting policies adopted by management in the composition and presentation of financial reports (or any changes made or contemplated in relation to the Group's accounting policies) and assess the management processes supporting external reporting.

5.3.5 Recommend to the Board whether the financial statements for entities in the Group including trusts for which a member of the Group is the responsible entity or Trustee, are in order for adoption.

5.3.6 Review the consistency of investor materials with the financial statements.

5.3.7 Review the findings of examinations by regulatory agencies and discuss any reports concerning violations of laws and regulatory requirements that impact on the financial statements or tax position of the Group or trusts for which the Responsible Entity is the responsible entity or trustee.

5.3.8 Review reports from and discuss with the Risk and Compliance Committee, management and the external auditor the areas of significant financial risk and the management of those risks.

### 5.4 External Audit

5.4.1 The Committee provides a link between the external auditor and the Board and has the responsibility to review and make recommendations for the appointment and removal of the external auditors by securityholders.

5.4.2 The Committee has the responsibility for:

- a. recommending the scope of the external audit to the Board for approval;
- b. reviewing and approving the external auditor's fee, terms of engagement and annual audit plan;
- c. reviewing the effectiveness of the annual audit, pre-approving all audit and non-audit services performed by the external auditor in order to ensure that the provision of such services does not impair the external auditor's independence, and reporting to the Board on any issues arising from this on a timely basis. To facilitate timely dealings in these circumstances, this authority has been delegated to the Committee Chairman with the Committee being formally advised of all approvals on a six monthly basis;
- d. reviewing reports on significant items from the external auditors and reporting to the Board as appropriate;
- e. overseeing and appraising at least annually the independence, adequacy and performance of the external auditor;
- f. reviewing the working relationship between the internal and external audit functions;

- g. reviewing the procedures for selection and appointment of the external auditors and making recommendations to the Board in relation to the appointment or the termination of the external auditor or the rotation of external audit engagement partner;
- h. overseeing management's response to the recommendations made by external auditors;
- i. reviewing the working relationship between management and the external auditors on financial reporting matters and ensuring any outstanding disagreements are settled or raised for the attention of the Board for its determination;
- j. overseeing adequate coverage for all major financial risks of the business, and reporting to the Board on any issues arising from this coverage on a timely basis;
- k. reviewing and advising, for the purposes of the Directors' Report to be included in the annual report, the provision of all non-audit services by or on behalf of the external auditor during the year to the Group and whether those services comply with the statutory auditor independence requirements and the reasons why;
- l. discussing with the external auditor matters arising in the normal course of the audit work, including any restriction on audit scope or access to information and any accounting judgements and choices exercised by the Group's management in preparing the financial statements for members of the Group;
- m. meeting separately with the external auditor to discuss matters as required; and
- n. overseeing the terms of the Group's external audit policy.

## 5.5 Internal Audit

### 5.5.1 The Committee has the responsibility for:

- a. reviewing the charter of the Internal Audit function and its competence and resourcing;
- b. providing an open communication channel between Internal Audit and the Board;
- c. approving the appointment and, if necessary, the termination of the internal auditor;
- d. reviewing the proposed Internal Audit Program for the coming year, ensuring it addresses key areas of risk and that adequate resources have been assigned;
- e. receiving reports from the Internal Audit Manager;
- f. consulting with the Risk and Compliance Committee with respect to the scope of the internal audit plan and providing the Risk and Compliance Committee with copies of reports relevant to its scope of responsibility;
- g. providing copies of internal audit reports with relevance to risk or compliance to the Risk and Compliance Committee;
- h. meeting separately with the internal auditor to discuss matters as required;
- i. evaluating and monitoring management's responsiveness to internal audit findings and recommendations;
- j. overseeing and appraising at least annually, with the Internal Audit Manager or outsourced firms (where applicable):
  - i. the independence of the internal auditor;
  - ii. whether the internal audit function is adequately resourced and is co-ordinated with the external auditor;
  - iii. the performance of the internal auditor; and
- k. obtaining an external assessment on the adequacy and effectiveness of internal audit at least once every three years, at the Committee's discretion; and
- l. overseeing reporting procedures regarding significant issues arising from the Internal Audit Program, which are to be reported to the Board on a timely basis.

## 5.6 Treasury

### 5.6.1 The Committee has the responsibility:

- a. To review reports from management and make recommendations to the Board concerning:

- i. the strategies, risks, policies, plans, controls and delegations for treasury management, including debt and associated hedging
  - ii. key performance indicators for treasury.
- b. For obtaining appropriate assurance concerning the internal controls surrounding treasury management; and
- c. For specifically monitoring compliance with covenants, pledges and other obligations relating to the Group's funding arrangements.

#### 5.7 **Strategic and reputational risk management**

- 5.7.1 To assist with the process of ensuring that strategic and reputational risks for the Group are being identified and managed, the Committee will work with the Board and the other committees and management in respect of matters coming to the attention of the Committee that relate to strategic or reputational risks for the Group

### **6. Limitation of responsibilities**

- 6.1 The Committee does not have responsibility for the matters that are set out in the Board Charter that are not included in section 5 of this Charter, nor does the Committee's role extend to risk management in respect of the responsibilities of the Risk and Compliance Committee.
- 6.2 However, the Committee will, in discharging its duties, seek to co-ordinate its activities with the Risk and Compliance Committee where appropriate. To facilitate this, a copy of any Internal Controls reports will also be provided to the Risk and Compliance Committee for information. The Chairman of the Committee must liaise with the Chairman of the Risk and Compliance Committee on an ongoing basis to ensure that no material matter is overlooked by the two Committees.
- 6.3 The Committee is not required to personally conduct accounting reviews or audits.

### **7. Reporting**

- 7.1 The Committee Chairman will provide a verbal report of the actions of the Committee to the Board at the next Board meeting following a meeting of the Committee.
- 7.2 All Directors may, within the Board meeting, request information of members of the Committee.

### **8. Review**

- 8.1 The Committee will review the Committee charter at least annually and recommend proposed amendments to the Board for approval.

## Attachment 1

### External Audit Policy

#### Appointment

The Audit Committee (**Committee**) has the responsibility and authority (subject to *Corporations Act 2001* (Cth) requirements) for recommending to the Board the appointment, reappointment or replacement and remuneration of the external auditor as well as evaluating its effectiveness and independence.

#### Independence and Rotation of External Audit Engagement Partner

The Group's auditors must be independent pursuant to the *Corporations Act 2001* (Cth) and the ASX Corporate Governance Principles and Recommendations. The Committee will review the auditor's independence in accordance with those requirements and the standards agreed between the Group and the auditor, which include:

- rotation of the senior audit partner every five years;
- annual confirmation by the auditor that it has satisfied all professional regulations relating to auditor independence;
- half-yearly reporting on the level of audit and non-audit fees; and
- any non-audit work performed by the Group's external auditor must be carried out in accordance with the agreed Group protocols.
- Approval of non audit service activities over \$5,000 per activity must be authorised by the Committee. For the avoidance of doubt, non-audit services are those that do not relate to the agreed scope for half and full year assurance activities.